

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**MINUTES OF MEETING**  
**AUGUST 14, 2003**

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Attending the meeting from the Department were Charles W. Phillips, Director; J. Philip Goddard, Chief Counsel, Deputy Director and Secretary; James M. Cooper, Deputy Director, Depository Division; Randall L. Rowe, Bank Supervisor; Kirk J. Schreiber, Senior Bank Analyst; Gina R. Williams, Senior Bank Analyst; Mark K. Powell, Supervisor, Credit Union Division, Mark Tarpey, Division Supervisor, Consumer Credit Division; Chuck T. Stumpf, Deputy Director, Administration Division; John Schroeder, Supervisor, Administration Division and Ronda Bailey, Administrative Assistant. Guests representing various credit unions were: Mr. Chris Beaumont, Director of Legislative Affairs, Indiana Credit Union League; Ms. Laura Feeney, Regional Manager, Teachers Credit Union; Mr. George McNichols, President, Hoosier Hills Credit Union and Mr. Ron Collier, President; Indiana Members Credit Union and Mr. Michael Miller, Vice President, Indiana Members Credit Union. Other guests were Kerry Spradlin from the Indiana Bankers Association and Michael Brown from Executive Media Communications Consultant.

**I. EXECUTIVE SESSION:**

Phil Goddard opened the session that was authorized by IC 5-14-1.5-6.1-(b)(2)(d) for purposes of discussing litigation against those companies engaged in disguised loans for purposes of evading Chapter 7 of the UCCC.

**II. PUBLIC SESSION:**

- A.) In the absence of Chairman David Bochnowski and Vice Chairman Loretta Burd, Secretary Phil Goddard called the meeting to order. The chair recognized a quorum. Chairman David Bochnowski arrived and assumed responsibility of Chairmanship prior to the Re-Organization of the Members.
- B.) **In Attendance:** David Bochnowski, Chairman, Tony Zaleski, David Baer, Briget Polichene and Michael Davis. Loretta Burd was absent.
- C.) **Date of next meeting:** Due to the Departments Annual Examiners Seminar being held on September 10, thru September 12, 2003, the next scheduled Members meeting will be held on September 18, 2003 at @ 9:00 a.m., at The Office of the Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.
- D.) A motion was made for approval of the minutes of the meeting held June 12, 2003, by Mr. Zaleski and was seconded by Mr. Davis. **The minutes were unanimously approved.**
- E.) **Re-Organization of the Members as stipulated in IC 28-11-1-8.**
- 1.) **Election of Vice Chairman** – A motion was made by Mr. Davis and seconded by Mr. Zaleski to elect Loretta M. Burd as Vice Chairman. **The motion was unanimously approved**

- 2.) **Election of Secretary** – A motion was made by Mr. Baer and seconded by Mr. Davis to elect J. Philip Goddard as Secretary. **The motion was unanimously approved.**
- 3.) **Election of Assistant Secretary** – A motion was made by Mr. Zaleski and seconded by Mr. Baer to elect James M. Cooper as Assistant Secretary. **The motion was unanimously approved.**
- 4.) **Other organizational matters.** There were no other organizational matters to be addressed.

**F.) EXECUTIVE SESSION ACTION:**

Mr. Mike Davis made a motion in open session concerning the executive session discussion. It is as follows:

- 1.) **Mike Davis moved that, if the Attorney General determines certain businesses presently under investigation are engaged in consumer lending or small loan lending without being properly licensed or without compliance with those laws relating to such transactions, the Director of the Department, be authorized to sign all documents and to pursue all legal remedies in the name of the Department. This should be pursued with the representation and counsel of the Attorney General's Office. Ms. Polichene seconded the motion. The motion was unanimously approved.**

**G.) CREDIT UNION DIVISION:**

**1.) Teachers Credit Union, South Bend, St. Joseph County, Indiana**

Teachers Credit Union applied to the Members for permission to expand its field of membership to include persons who reside or work in the Indiana Counties of Bartholomew, Johnson, Hendricks, Monroe, Tippecanoe, Vigo and the Marion County Township of Washington. Mr. Powell explained that the requested communities fit within the statutory definition of a community. Further, Mr. Powell stated that Teachers Credit Union had an 8.65% capital ratio and was projecting capital to be 8.87% at the end of the pro-forma period. Mr. Powell went on to explain that Teachers Credit Union anticipates providing their services at either existing facilities or by the various electronic banking programs that already exist, and that the credit union deems current staffing levels to be adequate to deal with the anticipated growth generated by this field of membership expansion. Mr. Powell pointed out that Teachers Credit Union was reflecting steady increases in net income during the pro-forma

period. **A motion for approval to expand the field of membership of Teachers Credit Union, South Bend, Indiana was made by Ms. Polichene and seconded by Mr. Zaleski. The motion was unanimously approved.**

**2.) Hoosier Hills Credit Union, Bedford, Lawrence County, Indiana**

Hoosier Hills Credit Union applied to the Members for permission to expand its field of membership to include persons who reside or work in the Indiana Counties of Crawford, Bartholomew, and Perry. Mr. Powell explained that the requested communities fit within the

statutory definition of a community. Further, Mr. Powell stated that Hoosier Hills Credit Union has an 8.76% capital ratio and was projecting capital to be 10.97% at the end of the pro-forma period. Mr. Powell went on to explain that Tech did not anticipate building any new facilities or adding any new staff due to the requested expansion. Further, Mr. Powell pointed out that Tech was reflecting steady increases in net income during the pro-forma period. **A motion for approval to expand the field of membership of Hoosier Hills Credit Union, Bedford, Indiana was made by Mr. Davis and seconded by Ms. Polichene. The motion was unanimously approved.**

3.) **Indiana Members Credit Union, Indianapolis, Marion County, Indiana**

Indiana Members Credit Union applied to the Members for approval of the voluntary merger of Indianapolis Railroad Employees Credit Union into Indiana Members Credit Union. This merger will provide the more complete and sophisticated services of Indiana Members Credit Union to the members of Indianapolis Railroad Employees Credit Union.

Mr. Powell explained that the Indianapolis Railroad Employees credit union had been operating outside of the Conrail headquarters building for the last four years. The increased expenses involved with operating outside of the headquarters building coupled with the sporadic employment problems of Amtrak and Conrail have created several problems for the Credit Union including a high loan delinquency ratio, and a high income to expense ratio.

Further, Mr. Powell stated that this merger would have little or no effect upon the balance sheet of Indiana Members Credit Union.

The survivor of this merger Indiana Members Credit Union is state chartered and federally insured. **A motion for approval to expand the field of membership of Indiana Members Credit Union, Indianapolis, Indiana was made by Mr. Baer and seconded by Mr. Zaleski. The motion was unanimously approved.**

H.) **CONSUMER CREDIT DIVISION:**

- 1.) Supervisor Mark Tarpey updated the Members on the current status of DAT, Inc. d/b/a Ideal Corvette. Ideal Corvette is a used automobile dealer who is registered with the DFI to sell autos on retail installment sales contracts that are assigned to various lenders. They had been sued by the DFI due to failure to make refunds in excess of \$100,000 and to provide records. Judgment was obtained in Marion County Superior Court on April 30, 2003. Ideal failed to appear in Court and did not respond to the notice of Judgment. On July 29, 2003, a representative from the office of the Attorney General and Supervisor Tarpey appeared in Marion County Superior Court. Ideal Corvette again failed to appear. Judge Miller issued a body attachment warrant for Shawn Lessor, as President of Ideal, and a daily fine of \$100 a day. Terry Duga of the office of the Attorney General advised that he received a letter from

Mr. Mario Garcia who is representing Mr. Shawn Lessor in criminal charges involving both state and local law enforcement as to failure to deliver valid title to customers who purchased autos. Mr. Garcia advised that he planned to place DAT, Inc. in bankruptcy proceedings upon

conclusion of the pending criminal matters. He further advised that there had been several judgments against DAT, Inc. and/or Shawn Lessor. In each case where the matter has proceeded to execution and set for a hearing on proceedings supplemental, Mr. Garcia has notified counsel that his client would be instructed not to answer any questions at the proceedings supplemental due to the pending criminal investigation. The office of the Attorney General will decide future legal action, if any. Although refunds were not made to customers, at least DAT, Inc. d/b/a Ideal Corvette and Mr. Lessor are out of business and the DFI did all it could to see that refunds were made.

- 2.) Mr. Tarpey also updated the Members on a pawn licensee known as Agape Pawn. Agape Pawn has been licensed with the DFI since September of 1997. Examination in 1998 and 2000 did not reveal any unusual violations. On October 11, 2002, one of our field examiners forwarded to our office a newspaper article that detailed the arrest of the one of the officers of Agape Pawn, Mr. Robert Weibel. Mr. Weibel's wife is the current President of the corporation. Mrs. Weibel surrendered their pawnbroker license on June 24, 2003. On July 18, 2003, Mr. Weibel was convicted of car jacking and robbery, both Class B felonies. Supervisor Tarpey advised the Board that since 1997 all new applicants for a pawnbroking license are subject to an interview at the DFI. Applicants are advised of key sections of the state pawnbroking law and the applicant is given a chance to ask questions. Applicants are also reminded of the importance of complying with local ordinances and cooperating with local law enforcement. Unfortunately, in Mr. Weibel's case, we were not successful.
- 3.) Mr. Tarpey also updated the Members of a pawnbroker in South Bend known as West End Trading Company. This entity has been licensed since 1992. None of the examinations conducted by our office detected any serious violations of the pawnbroking statute. On July 2, 2003, the South Bend police department informed the DFI that they had removed nearly 500 items from West End Trading Company. These items were suspected stolen goods. On August 7, Mr. Jerry Beatty signed a plea agreement. Mr. Beatty agreed to five Class A misdemeanors. He could have been charged with 500. He agreed to surrender his pawn license and to never work in any capacity in a pawnshop in Indiana. **These items were for informational purposes only.**

I.) **DIRECTORS COMMENTS:**

1.) **Report of Legislation proposals:**

Phil Goddard apprised the Members that all requests for legislative proposals must be determined and proposed to the Governor's office by September 1. Mr. Goddard reported that there may be some significant proposals in the payday lending area. The DFI staff has been meeting with representatives of the industry and it appears that all parties are in agreement as to what needs to be changed. He also reported that the staff is contemplating

making certain amendments so that the department can hire independent contractors, if necessary, to help with the examination process. The changes are deemed necessary in order to remove all doubt as to whether such contractors would have the same personal immunity,

visitations rights, and bond protection that exists with our present employees. **This item was for informational purposes only.**

- 2.) James Cooper presented to the Members for approval the Policy Concerning Debt Cancellation Contracts and Debt Suspension Agreements. Mr. Cooper stated the policy basically provides three things, 1) it adopts the OCC regulation as our policy, 2) confirms that Banks, Savings Banks, and Savings Associations has the authority to enter into these contracts, 3) provides a reminder if your going to have a debt cancellation charge as an additional charge this has to be approved to the by the Members of the Department under the Uniform Consumer Credit Code.

After review and consideration of the information presented at the August 14, 2003, meeting of the Members of the Indiana Department of Financial Institutions ("Members"), the Members hereby adopt the provisions of 12 CFR Part 37 as the policy of the Department of Financial Institutions.

The Members hereby confirm that Banks, Savings Banks, and Savings Associations organized in Indiana may offer Debt Cancellation Contracts ("DCC") and Debt Suspension Agreements ("DSA") as part of its express authority to make loans under the provisions of Title 28 of the Indiana Code.

This policy is established to ensure that Banks, Savings Banks, and Savings Associations organized in Indiana provide DSAs and DCCs in a manner that is consistent with safe and sound banking practices and subject to appropriate consumer protections.

Any charge associated with a DCC or DSA Program that will not be included in the finance charge and resulting annual percentage rate of a consumer loan must be reviewed and approved by the Members. In order for a DCC or DSA Charge to be permitted as an additional charge under IC 24-4.5-3-202(1)(e) of the Indiana Uniform Consumer Credit Code, the Members must determine that the charge would be of benefit to the debtor and it is reasonable in relation to the benefits.

The Members formally adopted this policy on August 14, 2003.

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David Bochnowski, Chairman

Attachment: 12 CFR 37

**12 C.F.R. Part 37, Effective June 16, 2003**

## Debt Cancellation Contracts and Debt Suspension Agreements

### § 37.1 Authority, purpose, and scope.

(a) **Authority.** A national bank is authorized to enter into debt cancellation contracts and debt suspension agreements and charge a fee therefore, in connection with extensions of credit that it makes, pursuant to 12 U.S.C. 24(Seventh).

(b) **Purpose.** This part sets forth the standards that apply to debt cancellation contracts and debt suspension agreements entered into by national banks. The purpose of these standards is to ensure that national banks offer and implement such contracts and agreements consistent with safe and sound banking practices, and subject to appropriate consumer protections.

(c) **Scope.** This part applies to debt cancellation contracts and debt suspension agreements entered into by national banks in connection with extensions of credit they make. National banks' debt cancellation contracts and debt suspension agreements are governed by this part and applicable Federal law and regulations, and not by part 14 of this chapter or by State law.

### § 37.2 Definitions.

#### *For purposes of this part:*

(a) **Actuarial method** means the method of allocating payments made on a debt between the amount financed and the finance charge pursuant to which a payment is applied first to the accumulated finance charge and any remainder is subtracted from, or any deficiency is added to, the unpaid balance of the amount financed.

(b) **Bank** means a national bank and a Federal branch or Federal agency of a foreign bank as those terms are defined in part 28 of this chapter.

(c) **Closed-end credit** means consumer credit other than open-end credit as defined in this section.

(d) **Contract** means a debt] cancellation contract or a debt suspension agreement.

(e) **Customer** means an individual who obtains an extension of credit from a bank primarily for personal, family or household purposes.

(f) **Debt cancellation contract** means a loan term or contractual arrangement modifying loan terms under which a bank agrees to cancel all or part of a customer's obligation to repay an extension of

credit from that bank upon the occurrence of a specified event. The agreement may be separate from or a part of other loan documents.

**(g) *Debt suspension agreement*** means a loan term or contractual arrangement modifying loan terms under which a bank agrees to suspend all or part of a customer's obligation to repay an extension of credit from that bank upon the occurrence of a specified event. The agreement may be separate from or a part of other loan documents. The term debt suspension agreement does not include loan payment deferral arrangements in which the triggering event is the borrower's unilateral election to defer repayment, or the bank's unilateral decision to allow a deferral of repayment.

**(h) *Open-end credit*** means consumer credit extended by a bank under a plan in which:

(1) The bank reasonably contemplates repeated transactions;

(2) The bank may impose a finance charge from time to time on an outstanding unpaid balance; and

(3) The amount of credit that may be extended to the customer during the term of the plan (up to any limit set by the bank) is generally made available to the extent that any outstanding balance is repaid.

**(i) *Residential mortgage loan*** means a loan secured by 1-4 family, residential real property.

### **§ 37.3 Prohibited practices.**

**(a) *Anti-tying.*** A national bank may not extend credit nor alter the terms or conditions of an extension of credit conditioned upon the customer entering into a debt cancellation contract or debt suspension agreement with the bank.

**(b) *Misrepresentations generally.*** A national bank may not engage in any practice or use any advertisement that could mislead or otherwise cause a reasonable person to reach an erroneous belief with respect to information that must be disclosed under this part.

**(c) *Prohibited contract terms.*** A national bank may not offer debt cancellation contracts or debt suspension agreements that contain terms:

(1) Giving the bank the right unilaterally to modify the contract unless:

(i) The modification is favorable to the customer and is made without additional charge to the customer; or

(ii) The customer is notified of any proposed change and is provided a reasonable opportunity to cancel the contract without penalty before the change goes into effect; or

(2) Requiring a lump sum, single payment for the contract payable at the outset of the contract, where the debt subject to the contract is a residential mortgage loan.

**§ 37.4 Refunds of fees in the event of termination or prepayment of the covered loan.**

(a) *Refunds.* If a debt cancellation contract or debt suspension agreement is terminated (including, for example, when the customer prepays the covered loan), the bank shall refund to the customer any unearned fees paid for the contract unless the contract provides otherwise. A bank may offer a customer a contract that does not provide for a refund only if the bank also offers that customer a bona fide option to purchase a comparable contract that provides for a refund.

(b) *Method of calculating refund.* The bank shall calculate the amount of a refund using a method at least as favorable to the customer as the actuarial method.

**§ 37.5 Method of payment of fees.**

Except as provided in § 37.3(c)(2), a bank may offer a customer the option of paying the fee for a contract in a single payment, provided the bank also offers the customer a *bona fide* option of paying the fee for that contract in monthly or other periodic payments. If the bank offers the customer the option to finance the single payment by adding it to the amount the customer is borrowing, the bank must also disclose to the customer, in accordance with § 37.6, whether and, if so, the time period during which, the customer may cancel the agreement and receive a refund.

**§ 37.6 Disclosures.**

(a) *Content of short form of disclosures.* The short form of disclosures required by this part must include the information described in appendix A to this part that is appropriate to the product offered. Short form disclosures made in a form that is substantially similar to the disclosures in appendix A to this part will satisfy the short form disclosure requirements of this section.

(b) *Content of long form of disclosures.* The long form of disclosures required by this part must include the information described in appendix B to this part that is appropriate to the product offered. Long form disclosures made in a form that is substantially similar to the disclosures in appendix B to this part will satisfy the long form disclosure requirements of this section.



(c) ***Disclosure requirements; timing and method of disclosures--(1) Short form disclosures.*** The bank shall make the short form disclosures orally at the time the bank first solicits the purchase of a contract.

(2) ***Long form disclosures.*** The bank shall make the long form disclosures in writing before the customer completes the purchase of the contract. If the initial solicitation occurs in person, then the bank shall provide the long form disclosures in writing at that time.

(3) ***Special rule for transactions by telephone.*** If the contract is solicited by telephone, the bank shall provide the short form disclosures orally and shall mail the long form disclosures, and, if appropriate, a copy of the contract to the customer within 3 business days, beginning on the first business day after the telephone solicitation.

(4) ***Special rule for solicitations using written mail inserts or "take one" applications.*** If the contract is solicited through written materials such as mail inserts or "take one" applications, the bank may provide only the short form disclosures in the written materials if the bank mails the long form disclosures to the customer within 3 business days, beginning on the first business day after the customer contacts the bank to respond to the solicitation, subject to the requirements of § 37.7(c).

(5) ***Special rule for electronic transactions.*** The disclosures described in this section may be provided through electronic media in a manner consistent with the requirements of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. 7001 et seq.

(d) ***Form of disclosures--(1) Disclosures must be readily understandable.*** The disclosures required by this section must be conspicuous, simple, direct, readily understandable, and designed to call attention to the nature and significance of the information provided.

(2) ***Disclosures must be meaningful.*** The disclosures required by this section must be in a meaningful form. Examples of methods that could call attention to the nature and significance of the information provided include:

- (i) A plain-language heading to call attention to the disclosures;
- (ii) A typeface and type size that are easy to read;
- (iii) Wide margins and ample line spacing;
- (iv) Boldface or italics for key words; and

(v) Distinctive type style, and graphic devices, such as shading or sidebars, when the disclosures are combined with other information.

**(e) *Advertisements and other promotional material for debt cancellation contracts and debt suspension agreements.*** The short form disclosures are required in advertisements and promotional material for contracts unless the advertisements and promotional materials are of a general nature describing or listing the services or products offered by the bank.

**§ 37.7 Affirmative election to purchase and acknowledgment of receipt of disclosures required.**

**(a) *Affirmative election and acknowledgment of receipt of disclosures.*** Before entering into a contract the bank must obtain a customer's written affirmative election to purchase a contract and written acknowledgment of receipt of the disclosures required by Sec. 37.6(b). The election and acknowledgment information must be conspicuous, simple, direct, readily understandable, and designed to call attention to their significance. The election and acknowledgment satisfy these standards if they conform with the requirements in Sec. 37.6(b) of this part.

**(b) *Special rule for telephone solicitations.*** If the sale of a contract occurs by telephone, the customer's affirmative election to purchase may be made orally, provided the bank:

(1) Maintains sufficient documentation to show that the customer received the short form disclosures and then affirmatively elected to purchase the contract;

(2) Mails the affirmative written election and written acknowledgment, together with the long form disclosures required by § 37.6 of this part, to the customer within 3 business days after the telephone solicitation, and maintains sufficient documentation to show it made reasonable efforts to obtain the documents from the customer; and

(3) Permits the customer to cancel the purchase of the contract without penalty within 30 days after the bank has mailed the long form disclosures to the customer.

**(c) *Special rule for solicitations using written mail inserts or "take one" applications.*** If the contract is solicited through written materials such as mail inserts or "take one" applications and the bank provides only the short form disclosures in the written materials, then the bank shall mail the acknowledgment of receipt of disclosures, together with the long form disclosures required by § 37.6 of this part, to the customer within 3 business days, beginning on the first business day after

the customer contacts the bank or otherwise responds to the solicitation. The bank may not obligate the customer to pay for the contract until after the bank has received the customer's written acknowledgment of receipt of disclosures unless the bank:

(1) Maintains sufficient documentation to show that the bank provided the acknowledgment of receipt of disclosures to the customer as required by this section;

(2) Maintains sufficient documentation to show that the bank made reasonable efforts to obtain from the customer a written acknowledgment of receipt of the long form disclosures; and

(3) Permits the customer to cancel the purchase of the contract without penalty within 30 days after the bank has mailed the long form disclosures to the customer.

(d) *Special rule for electronic election.* The affirmative election and acknowledgment may be made electronically in a manner consistent with the requirements of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. 7001 *et seq.*

#### **§ 37.8 Safety and soundness requirements.**

A national bank must manage the risks associated with debt cancellation contracts and debt suspension agreements in accordance with safe and sound banking principles. Accordingly, a national bank must establish and maintain effective risk management and control processes over its debt cancellation contracts and debt suspension agreements. Such processes include appropriate recognition and financial reporting of income, expenses, assets and liabilities, and appropriate treatment of all expected and unexpected losses associated with the products. A bank also should assess the adequacy of its internal control and risk mitigation activities in view of the nature and scope of its debt cancellation contract and debt suspension agreement programs.

#### **Appendix A to Part 37--Short Form Disclosures**

- **This product is optional**

Your purchase of [PRODUCT NAME] is optional. Whether or not you purchase [PRODUCT NAME] will not affect your application for credit or the terms of any existing credit agreement you have with the bank.

- **Lump sum payment of fee**

[Applicable if a bank offers the option to pay the fee in a single payment]

[Prohibited where the debt subject to the contract is a residential mortgage loan]

You may choose to pay the fee in a single lump sum or in [monthly/quarterly] payments. Adding the lump sum of the fee to the amount you borrow will increase the cost of [PRODUCT NAME].

- **Lump sum payment of fee with no refund**

[Applicable if a bank offers the option to pay the fee in a single payment for a no-refund DCC]

[Prohibited where the debt subject to the contract is a residential mortgage loan]

You may choose [PRODUCT NAME] with a refund provision or without a refund provision. Prices of refund and no-refund products are likely to differ.

- **Refund of fee paid in lump sum**

[Applicable where the customer pays the fee in a single payment and the fee is added to the amount borrowed]

[Prohibited where the debt subject to the contract is a residential mortgage loan]

[Either:] (1) You may cancel [PRODUCT NAME] at any time and receive a refund; or (2) You may cancel [PRODUCT NAME] within \_\_\_\_ days and receive a full refund; or (3) If you cancel [PRODUCT NAME] you will not receive a refund.

- **Additional disclosures**

We will give you additional information before you are required to pay for [PRODUCT NAME]. [If applicable]: This information will include a copy of the contract containing the terms of [PRODUCT NAME].

- **Eligibility requirements, conditions, and exclusions**

There are eligibility requirements, conditions, and exclusions that could prevent you from receiving benefits under [PRODUCT NAME].

[Either:] You should carefully read our additional information for a full explanation of the terms of [PRODUCT NAME] *or* you should carefully read the contract for a full explanation of the terms of [PRODUCT NAME].

## **Appendix B to Part 37--Long Form Disclosures**

- This product is optional

Your purchase of [PRODUCT NAME] is optional. Whether or not you purchase [PRODUCT NAME] will not affect your application for credit or the terms of any existing credit agreement you have with the bank.

- Explanation of debt suspension agreement [Applicable if the contract has a debt suspension feature]

If [PRODUCT NAME] is activated, your duty to pay the loan principal and interest to the bank is only suspended. You must fully repay the loan after the period of suspension has expired. [If applicable]: This includes interest accumulated during the period of suspension.

- **Amount of fee**

[For closed-end credit]: The total fee for [PRODUCT NAME] is \_\_\_\_.

[For open-end credit, either:] (1) The monthly fee for [PRODUCT NAME] is based on your account balance each month multiplied by the unit-cost, which is \_\_\_\_; *or* (2) The formula used to compute the fee is \_\_\_\_ ].

- **Lump sum payment of fee**

[Applicable if a bank offers the option to pay the fee in a single payment]  
[Prohibited where the debt subject to the contract is a residential mortgage loan]

You may choose to pay the fee in a single lump sum or in [monthly/quarterly] payments. Adding the lump sum of the fee to the amount you borrow will increase the cost of [PRODUCT NAME].

- **Lump sum payment of fee with no refund**

[Applicable if a bank offers the option to pay the fee in a single payment for a no-refund DCC]  
[Prohibited where the debt subject to the contract is a residential mortgage loan]

You have the option to purchase [PRODUCT NAME] that includes a refund of the unearned portion of the fee if you terminate the contract or prepay the loan in full prior to the scheduled termination date. Prices of refund and no-refund products may differ.

- **Refund of fee paid in lump sum**

[Applicable where the customer pays the fee in a single payment and the fee is added to the amount borrowed]

[Prohibited where the debt subject to the contract is a residential mortgage loan]

[Either:] (1) You may cancel [PRODUCT NAME] at any time and receive a refund; or (2) You may cancel [PRODUCT NAME] within \_\_\_\_\_ days and receive a full refund; or (3) If you cancel [PRODUCT NAME] you will not receive a refund.

- **Use of card or credit line restricted**

[Applicable if the contract restricts use of card or credit line when customer activates protection]

If [PRODUCT NAME] is activated, you will be unable to incur additional charges on the credit card or use the credit line.

- **Termination of [PRODUCT NAME]**

[Either:] (1) You have no right to cancel [PRODUCT NAME]; or (2) You have the right to cancel [PRODUCT NAME] in the following circumstances: \_\_\_\_\_.

[And either:] (1) The bank has no right to cancel [PRODUCT NAME]; or (2) The bank has the right to cancel [PRODUCT NAME] in the following circumstances: \_\_\_\_\_.

- **Eligibility requirements, conditions, and exclusions**

There are eligibility requirements, conditions, and exclusions that could prevent you from receiving benefits \_\_\_\_\_ under [PRODUCT NAME].

[Either:] (1) The following is a summary of the eligibility requirements, conditions, and exclusions. [The bank provides a summary of any eligibility requirements, conditions, and exclusions]; or (2) You may find a complete explanation of the eligibility requirements, conditions, and exclusions in paragraphs \_\_\_\_\_ of the [PRODUCT NAME] agreement.

**A motion was made by Mr. Davis to approve the Policy and was seconded by Ms. Polichene. The motion was unanimously approved. The original signed copy of the Policy is to be placed in the official minute books and can also be found on the Departments web site.**

- 3.) The staff requested that the Members approve the reaffirmation Order of Delegation of Duties to the Director. **A motion was made by Mr. Zaleski and seconded by Mr. Baer. The motion was unanimously approved. A copy of the Order will be placed in the official minute books.**
- 4.) Director Phillips presented to the Members for approval a resolution of appreciation for former Member James M. Saner. **A motion was made by Mr. Baer and seconded by Mr.**

**Zaleski. The motion was unanimously approved.**

**5.) Peoples Bank SB, Munster, Lake County, Indiana**

On July 1, 2003, the bank notified the Department of its intent to establish three qualifying subsidiaries pursuant to IC 28-13-16. The subsidiaries will be known as NWIN Investments, Inc. ("Op Sub 1"), NWIN Holdings, Inc. ("Op Sub 2") and NWIN LLC ("LLC"). The LLC is being established to acquire, hold, sell, exchange and otherwise dispose of and to collect the income from investment securities. Op Sub 1, Op Sub 2 and the LLC will be domiciled in Las Vegas, Nevada. **This item was for informational purposes only.**

**6.) Star Financial Bank, Anderson, Madison County, Indiana**

The bank notified the Department that they closed the branch office that was known as the

**"Van Buren Branch"** located at 101 South First Street, Van Buren, Grant County, Indiana. The branch closed on June 1, 2003, @ 5:00 p.m. **This item was for informational purposes only.**

**7.) First Farmers Bank and Trust Company, Converse, Miami County, Indiana**

The bank notified the Department that they closed the branch office that was known as the **"Bennetts Switch Branch"** located at 2382 W. State Road 18, Kokomo, Howard County, Indiana. The branch office closed on June 20, 2003 @ 5:00 p.m. **This item was for informational purposes only.**

**8.) MainSource Bank, Greensburg, Decatur County, Indiana**

The bank notified the Department that they closed the branch office that was known as the **"Downtown Brookville Branch"** located at 527 West Main Street, Brookville, Franklin County, Indiana. The branch office closed on July 2, 2003 @ 5:00 p.m. **This item was for informational purposes only.**

**J.) DIRECTOR'S DELEGATED ACTION:**

**1.) SAND RIDGE BANK, HIGHLAND, LAKE COUNTY, INDIANA**

Sand Ridge Bank, Highland, Lake County, Indiana requests an extension of one year to open the branch office to be located at 11890 S. Broadway, Crown Point, Lake County, Indiana. The branch was approved under delegated authority on July 19, 2002. Delays in the construction of the branch will not permit the branch to be opened within one year from the date of the original approval. **The Director approved the extension until July 19, 2004 on June 17, 2003, under delegated authority.**

**2.) HERITAGE COMMUNITY BANK, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA**

Heritage Community Bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a cash dividend of \$1,265,449.00 to its holding company, First Financial Bancorp,

Hamilton, Ohio. As of March 31, 2003, the bank's Tier I leverage capital ratio is 9.42%. Proforma Tier 1 leverage capital ratio based on March 31, 2003 numbers after the payment of the dividend is 9.07%. The bank's return on average assets as of March 31, 2003 is 1.20%. **The Director approved this on June 17, 2003, under delegated authority.**

3.) **FIRSTMERIT BANK, NATIONAL ASSOCIATION, AKRON, SUMMIT COUNTY, OHIO**

An application for issuance of a certificate of admission was received from FirstMerit Bank, National Association, Akron, Summit County, Ohio ("FirstMerit"). FirstMerit filed the application to enable it to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22. FirstMerit intends to make consumer loans to the citizens of Indiana. It does not intend to open an office in Indiana. Loans will be made via mail or telephone. FirstMerit is a nationally chartered commercial bank regulated by the Office of the

Comptroller of the Currency. Lexis Document Services, Inc., 55 Monument Circle, Suite 1424, Indianapolis, Marion County, Indiana, has been appointed as resident agent for service of legal process by FirstMerit. **The Director issued a Certificate of Admission on June 17, 2003, under delegated authority.**

4.) **CHARTER ONE BANK, NATIONAL ASSOCIATION, CLEVELAND, CUYAHOGA COUNTY, OHIO**

An application for issuance of a certificate of admission was received from Charter One Bank, National Association, Cleveland, Cuyahoga County, Ohio ("Charter"). Charter filed the application to enable it to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22 and IC 28-2-18. Charter intends to initially establish fifteen branches in Indiana to provide banking services to the citizens of Indiana. Charter is a nationally chartered commercial bank regulated by the Office of the Comptroller of the Currency. Charter has appointed CT Corporation System, 36 S. Pennsylvania Street, Suite 700, Indianapolis, Marion County, Indiana, as resident agent for service of legal process. **The Director issued a Certificate of Admission on June 17, 2003, under delegated authority.**

5.) **ARTICLES OF EXCHANGE**

The Staff of the Department is requesting approval of revised **Articles of Exchange (State Form 13762)**. These are the Articles that are filed with the Secretary of State upon the approval of the formation by the Department of certain bank holding companies pursuant to IC 28-1-7.5. The effective date of the form will be June 17, 2003. **The Director approved this on June 17, 2003, under delegated authority.**

6.) **FIRST INTERNET BANK OF INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA**

The bank has applied to the Department for approval to relocate its main office from **8520 Allison Pointe Boulevard, Suite 210, Indianapolis, Marion County, Indiana** to **7820**



**Innovation Boulevard, Suite 210, Indianapolis, Marion County, Indiana.** The application was received on June 3, 2003. The bank will move approximately fifteen miles from its current location into an existing office building. The bank is proposing to lease approximately 7,386 square feet from an independent third party for five years at \$17.91 per square foot or \$132,252.49 annually. The bank will vacate the current main office, as the lease will expire. Furniture, fixture, and equipment will cost approximately \$270M. The bank's ROA for 2001 was 0.89% and for 2002 was 0.94%. As of March 31, 2003, the bank's ROA was 0.16% and its Tier 1 leverage capital ratio was 13.02%. The bank has no branches. **The Director approved this on June 20, 2003, under delegated authority.**

7.) **COMMUNITY FIRST BANK OF HOWARD COUNTY, KOKOMO, HOWARD COUNTY, INDIANA**

Community First Bank of Howard County has requested the Director of the Department waive the United States citizenship requirement for a bank director pursuant to IC 28-13-9-2(c). The bank would like August Cijan to serve as a member of its board of directors. Mr.

Cijan is an Austrian citizen. The Director may waive the citizenship requirement if the waiver would affect only a minority of the total number of directors of the bank. The current fourteen directors of the bank are all United State citizens. Mr. Cijan has been a very active participant in the organization of this de novo institution. **The Director approved this on June 20, 2003, under delegated authority.**

8.) **INDEPENDENCE BANK, NEW ALBANY, FLOYD COUNTY, INDIANA**

The bank has applied to the Department for approval of an interstate bank merger with I-Bank, Louisville, Jefferson County, Kentucky. I-Bank is a newly chartered Kentucky bank that will never be operational and therefore will never accept deposits or make loans. The sole purpose of the formation of I-Bank and merger transaction is to provide Independence Bank ("Independence") with a branch in Kentucky. Independence and I-Bank entered into an Agreement of Affiliation and Merger dated May 29, 2003. The board of directors of Independence and I-Bank approved the merger agreement at meetings held on May 15, 2003. I-Bank has just one location, 4220 Shelbyville Road, Louisville, Jefferson County, Kentucky, which will immediately become a branch of Independence. The location is 3,600 square foot

stand alone building leased from an independent third party. The lease agreement dated April 29, 2003, has a 15-year term. The monthly lease payments for years one and two are \$4,000;

years three and four are \$4,500; years five and six are \$5,000; years seven through ten are \$6,500; and years eleven through fifteen are \$8,000. The lease also contains one five-year renewal option. After the merger, Independence will have two branches in Indiana and one branch in Louisville, Kentucky. As of March 30, 2003, on a pro-forma basis, Independence's investment in land, buildings, and leasehold improvements represent 8.51% of sound capital, within statutory guidelines, and its investment in total fixed assets represents 14.91% of total equity capital. As of March 30, 2003, the bank's ROA was 0.97% and its Tier 1 leverage capital ratio was 11.30%. The Kentucky Department of Banking approved the formation of I-Bank and its merger with and into Independence Bank on July

16, 2003. The Federal Reserve Bank of St. Louis approved the acquisition of I-Bank by Independence Bancorp ("Bancorp"), parent company of Independence, and Harrodsburg Financial Bancorp, who owns 22.5% of Bancorp, on July 10, 2003. Case Manager Bill Sullivan of the Federal Deposit Insurance Corporation indicated his write-up approving the transaction had been submitted to the legal division for final review. **The Director approved this on July 18, 2003, under delegated authority.**

9.) **CENTIER BANK, WHITING, LAKE COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office to be located at **6529 Columbia Avenue, Hammond, Lake County, Indiana, inside a Sterks Super Food Store.** The application was received on July 2, 2003. The branch is to be known as **Centier Bank.** The bank is leasing the space from an independent third party for five years with a per square footage cost of \$50.00. After the initial five years, there is a provision to renew the lease for an additional five year period with a per square footage cost of \$55.00. Furniture, fixtures, and equipment costs are projected at \$60M. Leasehold improvements are estimated at \$120M. No relationship exists between parties involved in this transaction. The bank's three-year average ROA is 1.29%. As of March 31, 2003, the bank's ROA is 1.52%

and its Tier 1 leverage capital ratio is 8.36%. The investment in total fixed assets to total capital will be 11.59% after the establishment of the branch. This will be the institution's thirtieth branch. **The Director approved this on July 18, 2003, under delegated authority.**

10.) **STAR FINANCIAL BANK, ANDERSON, MADISON COUNTY, INDIANA**

The bank has applied to the Department for approval to relocate its main office from **735 Main Street, Anderson, Madison County, Indiana** to **127 West Berry Street, Fort Wayne, Allen County, Indiana.** The application was received on July 21, 2003. The proposed location of the main office is currently a branch of the bank. Therefore, there will be no additional expenditures for bank premises associated with the relocation of the main office. The current main will be operated as a branch after the relocation. The bank's holding company, STAR Financial Group, Inc., is also headquartered at the proposed new main office location in Fort Wayne, Indiana. As of March 31, 2003, the bank's ROA is 1.22% and its Tier 1 leverage capital ratio is 8.57%. **The Director approved this on July 24, 2003, under delegated authority.**

11.) **PEOPLES TRUST & SAVINGS BANK, BOONVILLE, WARRICK COUNTY, INDIANA**

Peoples Trust & Savings Bank, (the "Bank") has applied for approval of a Plan of Exchange (the "Plan") between the Bank and Peoples Bancshares Corp., Boonville, Warrick County, Indiana ("Bancshares"), an Indiana corporation organized on June 17, 2003. The Plan provides each share of Bank common stock to be converted into one share of Bancshares common stock. Upon consummation of the Plan, the Bank will become a wholly owned subsidiary of Bancshares and the current shareholders of the Bank will own all of the outstanding shares of Bancshares. All shares of common stock of the Bank will be deemed

to be converted automatically into shares of common stock of Bancshares, with the exception of one thousand (1,000) shares of common stock of the Bank which shall remain issued and outstanding to evidence ownership by Bancshares of all of the issued and outstanding shares of common stock of the Bank, and cancelled without any further action on the part of the Bank on the effective date of the Plan. Forty-two shareholders currently hold the Bank's common stock. The directors and executive officers have sole or shared voting power with respect to 1,649 shares, or 54.97% of the total shares outstanding. Mark Hart Hendrickson, Chairman of the Board of Directors and Chief Executive Officer of the Bank, owns or controls 1,565 shares or 52.17% of the outstanding shares of bank stock. The management team of the Bank will not change as a result of this transaction. Shareholders of the Bank who dissent from the Plan have the right to be paid the fair value of their shares in cash if they comply with the procedures specified in IC 28-1-7.5-8. As of March 31, 2003, the Bank had total assets of \$97 million, total deposits of \$72 million, and total equity capital of \$25 million. Its ROA as of March 31, 2003, is 0.98% and its Tier 1 leverage capital ratio is 24.71%. The Bank waived its option to have a public hearing on the fairness of the terms of the Plan of Exchange as provided in IC 28-1-7.5-5. **The Director approved this on July 25, 2003, under delegated authority.**

12.) **REPUBLIC BANK & TRUST COMPANY OF INDIANA, CLARKSVILLE, CLARK COUNTY, INDIANA**

The bank has applied for approval to locate a branch banking office at **Highway 62 at Eastbrook Boulevard, Jeffersonville, Clark County, Indiana**. The application was received on July 10, 2003. The name of the branch will be **Republic Bank & Trust Company of Indiana**. This bank is a de novo institution that opened its doors on May 1, 2001. An on-site examination beginning April 28, 2003, noted no major concerns. The bank's Tier 1 leverage capital ratio as of March 31, 2003 is 17.28%. Earnings performance is satisfactory; however, it is supported by a significant amount of income from gains on the sale of loans in the secondary market. As of March 31, 2003, the bank's ROA is 1.93%. The bank is proposing to build a 4,100 square branch on approximately 2.8 acres of land. The purchase price of the land is \$400,000. Cost to construct the building is projected at \$900,000 and furniture, fixtures and equipment at \$500,000. The investment in total fixed assets to total capital will be 38.61% after the establishment of the branch. No relationship exists between the parties involved in this transaction. This will be the institution's third branch. **The Director approved this on July 25, 2003, under delegated authority.**

13.) **CITY SAVINGS BANK, MICHIGAN CITY, LAPORTE COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office at the **Northwest corner of Sand Creek Drive and Indiana Boundary Road, Chesterton, Porter County, Indiana**. The application was received on May 27, 2003. The branch is to be known as **City Savings Bank**. The bank is proposing to construct a 7,600 square foot building of which approximately 1,000 square feet will be leased to a financial planning service. An additional 1,000 square feet will be unfinished for future expansion. The purchase price for the land is \$250,000. The estimated cost of construction is projected at \$1,568,000 and furniture, fixtures, and equipment at \$277,000. No relationship exists

between the parties involved in this transaction. As of March 31, 2003, the bank's ROA was 1.19% and its Tier 1 leverage capital ratio was 7.24%. As of June 30, 2003, the bank's holding company, City Savings Financial Corporation, injected \$3,000,000 into the bank from proceeds received from a recently completed trust preferred offering. The investment in total fixed assets to total capital, including the recent injection, will be increase from 7.28% to 20.72%. The bank will have two branches after the establishment of this branch. City Savings Bank converted from a mutual savings and loan to a stock savings and loan on December 27, 2001. **The Director approved this on July 31, 2003, under delegated authority.**

**14.) FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Alcoa Fastening Systems – Carmel – 15 members (common bond of occupation association as defined by 28-7-1-10).

Shannon Door Company – Carmel – 17 members (common bond of occupation as defined by 28-7-1-10).

Corporate Development Strategies, Inc. – Lebanon – 5 members (common bond of occupation as defined by 28-7-1-10).

The Greentree Network, Inc. – Lebanon – 35 members (common bond of occupation as defined by 28-7-1-10).

Benefit Resources, Inc. – Fishers – 8 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on June 10, 2003, under Delegated Authority.**

**15.) CENTRA CREDIT UNION, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Employees of the City of Charlestown – Charlestown – 50 members (common bond of occupation as defined by 28-7-1-10).

Creating the Future – St. Joseph, MI - 5 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on June 30, 2003, under delegated authority.**

**16.) FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

The credit union filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Don Pablos Restaurant – Indianapolis – 55 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on July 14, 2003, under delegated authority.**

**17.) FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Red Gold – Orestes – 1,100 members (common bond of occupation as defined by 28-7-1-10).

The Bittersweet Candle Company – Indianapolis - 11 members (common bond of occupation as defined by 28-7-1-10).

Spohn Associates, Inc. – Indianapolis – 28 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on July 29, 2003, under delegated authority.**

**18.) ELKHART COUNTY FARM BUREAU CREDIT UNION, GOSHEN, ELKHART COUNTY, INDIANA**

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

as  
Child Abuse Prevention Services – Elkhart – 60 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on July 29, 2003, under delegated authority.**

**19.)** American Home Mortgage Corp. of New York d/b/a Mortgage Select is requesting a consumer loan license. Applicant is based in Melville, N Y. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company/attorneys. They currently operate in 44 states. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**

**20.)** AmPro Mortgage Corporation d/b/a Westworks Mortgage is requesting a consumer loan license. Applicant is based in Phoenix, AZ. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company/attorneys. Not licensed in any state as yet. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**

- 21.) Bedford Home Loans, Inc is requesting a consumer loan license. Applicant is based in Orange, CA. They will be making second mortgage loans. They will be servicing their loans. Loans will be closed by title company/attorneys. They currently operate in 2 states. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**
- 22.) Countrywide Mortgage Ventures, LLC is requesting a consumer loan license. Applicant is based in Calabasa, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company/attorneys. They currently operate in 13 states. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**
- 23.) Greenlight Financial Services, Inc. is requesting a consumer loan license. Applicant is based in Irvine, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company/attorneys. They currently operate in 30 states. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**
- 24.) Prine Mortgage Financial, Inc. is requesting a consumer loan license. Applicant is based in Southborough, MA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company/attorneys. They currently operate in 14 states. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**
- 25.) Rarick's T.V., Inc. d/b/a Cash One is requesting a consumer loan license. Applicant is based in Fort Wayne, IN. They will be making small loans under IC 24-4.5-7. Applicant has also applied for a check-cashing license. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**
- 26.) Rarick's T.V., Inc. d/b/a Cash One is requesting a check casher license. Applicant is based in Fort Wayne, IN. They will be cashing all types of checks. References were all satisfactory. Fee will be 3% payroll; 3.9% tax and government; and 10% personal. They have also applied for a loan license under IC 24-4.5-7. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**
- 27.) Steinert Mortgage, Inc. is requesting a consumer loan license. Applicant is based in Pinehurst, TX. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title company/attorneys. They currently operate in 2 states. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**
- 28.) Wisconsin Funding Corporation d/b/a Producers Mortgage is requesting a consumer loan license. Applicant is based in Madison, WI and will have a location in Indianapolis. They will make second mortgage loan. They will not be servicing their loans. Loans will be

closed by title Company/attorneys. They currently operate in 9 states. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**

- 29.) Lavonne Hemenway d/b/a Highway 62 Jewelry & Pawn is requesting a pawnbroker license. Applicant is based in Boonville, IN. References were all satisfactory. Division Supervisor Tarpey and Field Supervisor Bane interviewed applicant. Applicant is recommended for approval. **The Director approved this on July 29, 2003, under delegated authority.**
- 30.) Customer Service Center, Inc. is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Kalamazoo, MI. There is a contractual liability policy issued by Stonebridge Casualty and American General Indemnity. The initial dealer requesting approval is Auburn Chrysler-Dodge-Jeep. The maximum cost to the customer is \$420.00. The customer deductible is covered up to \$1,000. Free look period is 60 days. Refund upon prepayment is Rule of 78s. All future dealers will agree to abide by the same terms as those approved. The Department subject to review at a future date as deems necessary. It is recommended that the program be approved as submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202(1)(c). **The Director approved this on July 29, 2003, under delegated authority subject to the above conditions.**
- 31.) Innovative Aftermarket Systems, Inc. is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Leander, TX. There is a contractual liability policy issued by AIG/American General. The initial dealer requesting approval is Stoops Buick. The maximum cost to the customer is \$420.00. The customer deductible is covered up to \$1,000. Free look period is 60 days. Refund upon prepayment is Rule of 78s. All future dealers will agree to abide by the same terms as those approved. The Department subject to review at a future date as deems necessary. It is recommended that the program be approved as submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202(1)(c). **The Director approved this on July 29, 2003, under delegated authority subject to the above conditions.**
- 32.) Hamilton Union GAP Inc. is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Orlando FL. There is a contractual liability policy issued by Interstate Indemnity Company. The initial dealer requesting approval is Tom Raper R.V., Richmond. The maximum cost to the customer is \$420.00. The customer deductible is covered up to \$1,000. Free look period is 45 days. Refund upon prepayment is Rule of 78s. All future dealers will agree to abide by the same terms as those approved. The Department subject to review at a future date as deems necessary. It is recommended that the program be approved as submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202(1)(c). **The Director approved this on July 29, 2003, under delegated authority subject to the above conditions.**

33.) T. A. S. A. is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Edgewood, KY. There is a contractual liability policy issued by Ohio Indemnity Company. The initial dealer requesting approval is Penske Honda / Fifth Third Bank. The maximum cost to the customer is \$420.00. The customer deductible is covered up to \$1,000. Free look period is 60 days. Refund upon prepayment is Rule of 78s. All future dealers will agree to abide by the same terms as those approved. The Department subject to review at a future date as deems necessary. It is recommended that the program be approved as submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202(1)(c). **The Director approved this on July 29, 2003, under delegated authority subject to the above conditions.**

34.) The One GAP is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Milwaukee, WI. There is a contractual liability policy issued by Northbrook Indemnity Insurance. The initial dealer requesting approval is Bank One. The maximum cost to the customer is \$420.00. The customer deductible is covered up to \$1,000. Free look period is 30 days. Refund upon prepayment is Rule of 78s. All future dealers will agree to abide by the same terms as those approved. The Department subject to review at a future date as deems necessary. It is recommended that the program be approved as submitted and subject to the above conditions. This is provided for under IC 24-4.5-2-202(1)(c). **The Director approved this on July 29, 2003, under delegated authority subject to above conditions.**

**K.) OTHER MATTERS:**

1.) Mr. Davis, Chairman for the committee to study the disbursement of consumer education funds summarized the committee's conference calls and their recommendations to the Members for the disbursement of the consumer education funds.

Mr. Davis stated the committee held three conference calls, May 31, 2003, June 26, 2003 and July 28, 2003. The committee evaluated five organizations that applied for funding. The committee makes the following recommendations. They are as follows:

A. **NATIONAL ENDOWMENT FOR FINANCIAL EDUCATION:**  
**\$100,000.00**

B. **CONSUMER CREDIT COUNSELING SERVICE OF CENTRAL INDIANA:**  
**\$25,000.00**

C. **INDIANAPOLIS NEIGHBORHOOD HOUSING PARTNERSHIP:**  
**\$20,000.00**

D. **INDY SAVES:**  
**\$15,000.00**



**E. JUMPSTART COALITION:  
\$15,000.00**

Mr. Davis stated it was the committee's recommendation that the Members accept the proposals for the funds and give the staff authority to make arrangements for the disbursement of the funds and follow up on how the funds were used and the results. **Mr. Baer made a motion to approve the committee's request, which was seconded by Mr. Davis. The motion was unanimously approved.**

**CERTIFICATION:**

The Department certifies that the business discussed in the Executive Session was limited only to business that was set out in the Department's Notice of Meeting and Agenda under the heading of "Executive Session." All action taken by the Department, relating to the business discussed in the Executive Session was conducted in the Public Session.

**APPROVED:**

**ATTEST:**

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**David A. Bochnowski, Chairman**

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**J. Philip Goddard, Secretary**